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ABSTRACT

This brief summarizes some of the highlights of the book "State Tax Relief for the Poor," by David S. Liebschutz and Steven D. Gold. It examines the policies that states can adopt to provide tax relief for the poor. Although poor families are generally exempt from the federal income tax, they still pay a large amount of taxes to state and local governments. The book explains the major differences among the various policy options for relieving the taxes of poor persons. It also describes nine desirable features of tax-relief provisions, five major alternatives for relieving income taxes of low-income households, changes in tax relief for the poor since 1987, and eight guidelines for tax relief. Findings indicate that nearly all states have some form of tax relief aimed specifically at low-income residents. Property-tax relief is a common form of tax relief, though most programs have not changed since the mid-1980s. Six states added earned income tax credits (EITC) between 1987 and 1996. Most states have not changed their major tax provisions sufficiently to compensate for inflation since 1987. Two tables are included. (LMI)

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Center for the Study of the States
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June 1996
No. 37

State Tax Relief for the Poor

DAVID S. LIEBSCHUTZ AND STEVEN D. GOLD

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HIGHLIGHTS

- Nearly all states have some form of tax relief aimed specifically at low-income residents.
- Property tax relief is a common form of tax relief, though most programs have not changed since the mid-1980s.
- Six states added earned income tax credits (EITC) between 1987 and 1996.
- Most states have not changed their major tax provisions sufficiently to compensate for inflation since 1987.

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OVERVIEW

This *Fiscal Brief* summarizes some of the highlights of the book, *State Tax Relief for the Poor*, written by David S. Liebschutz, associate director of the Center and Steven D. Gold, the former director of the Center for the Study of the States.[1] It examines the policies that states can adopt to provide tax relief for the poor. Although poor families are generally exempt from the federal income tax, they still pay a large amount of taxes to state and local governments. Important differences exist among the various ways of relieving the taxes of poor persons. The book does not assume or recommend that states should relieve their taxes, but it could be helpful to state officials because it explains the major differences among the available policies.

There are several reasons why states may be concerned about tax relief for the poor: First, states and localities impose substantial tax burdens on low-income families and individuals. In most states, state and local taxes take a much larger share of income from low-income families than from families with higher incomes. A 1991 study by the Citizens for Tax Justice showed that, on average, those with the

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lowest income paid nearly 14 percent of their incomes in state and local taxes, while those in the higher income brackets paid well under 10 percent. Most of this disparity can be found because of the general sales and property taxes, which tend to be highly regressive at the lower end of the income scale.

Second, inflation has eroded the value of many provisions that are intended to relieve taxes for low-income families and individuals. For example, many states substantially increased their personal exemptions or credits in 1987 as a result of federal tax reform, but they have failed to change them since then to keep up with inflation.[2]

Third, many proposals to "devolve" federal entitlement programs to the states, especially the conversion of welfare into a block grant, would make state tax relief for the poor into a more attractive option, as states will no longer have an incentive to spend more of their own funds in order to attract federal matching dollars. For example, currently if a state is given a 50 percent match from the federal government for each dollar it spends on welfare, it is less expensive for that state to give assistance to the poor through that program than through tax relief, where it must pay for the entire cost of the program. Under the proposals to convert certain federal programs into block grants, this incentive will disappear.

The poverty line for a family of four in 1995 was approximately $15,570. According to that standard, about one out of every seven people in the United States is poor. The number of poor persons rose sharply in the early 1980s and 1990s and is considerably higher than it was throughout the 1970s. The demographics of poverty have changed in the past 25 years, with increases among children, female-headed households and low-wage workers and a decrease among senior citizens. The increase in the number of persons in poverty gives an even greater incentive for states to find creative ways of reducing the burden of taxes upon them.

Table 1 shows the frequency of five major tax relief programs for the poor in each of the states. All but eight states[3] provide at least one of these programs to their needy populations, and eight of the states[4] provide at least three of the five programs. The most common provisions are to give preferential tax treatment to individuals filing as the head of a household (in 34 states) and to offer a property tax circuitbreaker (in 29 states), while the least common is a comprehensive tax relief program, currently only found in New Mexico. The rest of this article will discuss these and other provisions as they appear in *State Tax Relief for the Poor*.

Framework for Evaluating Relief

In order to properly evaluate tax relief for the poor, it is important to establish some criteria to do so. As described more fully in the book, the nine desirable features of tax relief provisions are:

1. The budgetary cost of the relief should be reasonable.
2. All or most of the benefits should go to the intended beneficiaries.
3. Among beneficiaries, the benefits should be distributed appropriately.
4. All people who meet the criteria should be given at least some benefits.
5. The difference in benefits between those in the program and those who barely fail to qualify for it should not be large. (This implies that there should not be a large "notch" above which taxes rise sharply when income increases slightly.)
6. Undesirable incentive effects, such as discouraging work effort or saving, should be minimized. If possible, tax systems should provide positive incentives.
7. The relief should not be very expensive to administer.
8. The provisions should not be so complicated that many intended beneficiaries are discouraged from claiming benefits.
9. The cost of providing the relief should be borne by the state government who are more able to bear the burden than local governments.

Trade-offs exist among some of the features while other features tend to reinforce each other. For example, keeping the cost of relief reasonable is consistent with the goal of concentrating the relief on the poor, but these objectives may lead to "notch" effects,[5] undesirable incentive effects, and complexities. While the trade-offs deserve consideration, they are likely to be less serious in formulating state tax relief than they might be at the federal level in devising an income maintenance program because the amounts of money involved are likely to be considerably smaller.

Income Tax Relief

Only 18 of the 41 states with personal income taxes exempted a family of four persons below the poverty line from paying income taxes in 1995. In nine states, families with income less than half of the poverty line were subject to income tax. Five major alternatives for relieving income taxes of low-income households are:

1. increasing the personal exemption or personal credit;
2. providing a targeted credit that phases out as income rises;
3. providing an earned income tax credit;
4. establishing or increasing a minimum standard deduction; and
5. setting an income threshold below which taxpayers are exempt from the income tax.

All of these alternatives are used in at least one state: All but one of the 41 states that have state income taxes have a personal exemption or credit; 15 states have targeted tax credits;[6] 7 states have earned income tax credits; 33 states allow some type of standard deduction; and 18 states set income tax thresholds above the poverty line.

Policies differ considerably in terms of how much revenue they cost, how well they target relief to low income taxpayers, whether they cover all or only some of the poor, and whether they incorporate a smooth transition between those who are eligible and those who are not covered.

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Table 1
Major State Tax Relief Provisions for the Poor, 1995

	Earned Income Credit	Other Credits Related to Income*	Circuitbreaker**	Property Tax Deferral	Comprehensive Tax Relief	Number of Provisions in each State	Income Tax Threshold (1995) ($)
Total State Provisions	7	17	29	22	1		
New England							
Connecticut			E,H&R			1	24,100
Maine			AA,H&R,E,H&R	X		2	15,000
Massachusetts		I		X		2	14,000
New Hampshire				X		1	n/a
Rhode Island	X		E,H&R			2	22,400
Vermont	X		AA,H&R			2	22,400
Mid Atlantic							
Delaware						0	8,600
Maryland	X	I	AA,H&R	X		4	20,900
New Jersey			E,H&R			1	7,500
New York	X	I	AA,H&R			3	18,700
Pennsylvania		I	E,H&R			2	15,300
Great Lakes							
Illinois			E,H&R	X		2	4,000
Indiana						0	4,000
Michigan			AA,H&R	X		2	9,600
Ohio		I				1	10,500
Wisconsin	X		AA,H&R	X		3	16,400
Plains							
Iowa	X		E,H&R	X		3	16,100
Kansas		S	AA,H&R			2	13,000
Minnesota	X		AA,H&R	X		3	20,000
Missouri			E,H&R			1	9,900
Nebraska						0	16,600
North Dakota			E,H&R	X		2	17,100
South Dakota		S	E,H	X		3	n/a
Southeast							
Alabama						0	4,600
Arkansas			E,H			1	10,700
Florida				X		1	n/a
Georgia		S,I		X		3	11,100
Kentucky		I				1	5,000
Louisiana						0	11,000
Mississippi						0	15,900
North Carolina		I				1	16,000
South Carolina						0	16,600
Tennessee			E,H	X		2	n/a
Virginia				X		1	8,200
West Virginia			E,H&R			1	8,000
Southwest							
Arizona		I	E,H			2	20,000
New Mexico		S	E,H&R		X	3	16,600
Oklahoma		S	E,H			2	11,600
Texas				X		1	n/a
Rocky Mountain							
Colorado			E,H&R	X		2	16,600
Idaho		S	E,H			2	16,600
Montana			E,H&R			1	7,400
Utah			E,H&R	X		2	14,100
Wyoming		S		X		2	n/a
Far West							
Alaska						0	n/a
California			E,H&R	X		2	23,000
Hawaii (a)		S				1	6,800
Nevada			E,H&R			1	n/a
Oregon				X		1	11,100
Washington				X		1	n/a

Notes:
Blanks indicate no state program.
n.a.= not applicable
* I= income tax credit, S= sales tax credit
** AA= all ages, E= elderly only, H= homeowners only, H&R= homeowners and renters
(a) = Hawaii's current sales tax credit does not technically relate to income only the number of exemptions

Sources:
Commerce Clearing House, *State Tax Guide, 1995* (Chicago, IL, 1995), and Center on Budget and Policy Priorities, *State Income Tax Burdens on Low-Income Families in 1995: Assessing the Burden and Opportunities for Relief* (Washington, DC, 1996).

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Earned Income Tax Credit

The earned income tax credit (EITC) is one of the most attractive state tax options for the poor, and the number of states offering it has expanded from one in 1986 to seven in 1995. The EITC, which gives low- and moderate-income working families and individuals a refundable credit against their state and federal income taxes, is attractive to states because it provides a work incentive for welfare recipients and low-income workers, it is well-targeted, and it is easy for states to administer by piggybacking on the federal credit.

All of the state credits are based on a percentage of the federal EITC, though there are slight differences in some of the features among states. For example, all of the credits use a different percentage of the federal credit to set their benefit level, ranging from 50 percent in Maryland to 6.5 percent in Iowa. In addition, only four of the seven programs provide refundable credits: A refundable credit allows those with no tax liability to get a check from the state for the credit.

Property Tax

The property tax is the heaviest tax on the poor imposed by state or local governments. Although it is primarily a tax levied by local governments, states have a critical role in relieving the property tax because local tax systems generally are created by state law. Most property tax relief programs also are financed by state taxes.

The most efficient way of relieving the property tax paid by the poor is through a circuitbreaker — a state-financed property tax credit for which benefits are phased out as income increases. Renters usually are covered along with homeowners, with a certain proportion of rent being treated as a property tax payment. Twenty-nine states have such credits, but only nine extend eligibility to non-senior citizens. Circuitbreakers are always refundable if they exceed income tax liability, and many are not administered with the income tax at all. (A refundable credit provides a direct payment if its value is greater than the amount of income tax owed.)

Other property tax relief mechanisms include homestead exemptions and credits, renter deductions and credits, and deferral programs. Some of these programs are restricted to persons with relatively low incomes, but others are not.

Sales Tax

Eight states have refundable credits to relieve the regressivity of the sales tax. Four cover all age groups; two are restricted to senior citizens and disabled persons; and two cover senior citizens, the disabled, and families with dependent children under the age of 18. Two of these states have no income tax, and one other state administers the refund program separately from its income tax. Several of these programs vary benefits according to the size of a household.

Comprehensive Tax Relief

New Mexico has a rebate program that provides comprehensive tax relief for the poor. Originally, it was intended to eliminate the regressivity of all state and local taxes below the poverty line, that is, to make the tax system proportional for low-income persons. While the program is effective in relieving a portion of the taxes of the poor, funding has been inadequate to accomplish the objective of completely eliminating regressivity.

Children and Tax Relief

Because children represent nearly 22 percent of the poor, how they are treated by tax relief provisions merits special attention. Children are disadvantaged by two features of some, but not all tax relief mechanisms: Some provisions make no allowance for the size of a household, so large families do not receive greater benefits than small households; and some provisions treat one-parent households that include children the same as single individuals, even though special treatment is provided to two-parent households. From the standpoint of poor children, for example, it is important that 34 states allow some "head of household" preference that is relatively close to that afforded joint returns.

Twenty-three states allow credits or deductions for the costs of caring for a dependent while a worker is employed. Most of these credits are tied to the federal dependent care credit, but at least six states have credits that are targeted more to low-income households. Two of these six states have refundable credits, which are of considerably greater value to low-income workers than the typical credit that is not refundable if its value exceeds income tax liability.

Administration of Tax Relief

An important shortcoming of many tax relief programs is that a large number of eligible persons apparently do not participate in them. Intensified publicity programs can help alleviate this problem. To the extent that this pattern persists, it implies that tax relief does not cost a state as much as it would if participation were universal among eligible households.

The experience in three states demonstrates that provisions relieving the tax for the poor can be administered even when a state does not levy an income tax. For example, Alaska has a dependent care credit even though it has no income tax. If there is an income tax, some evidence suggests that participation in a relief program tends to be greater if it is tied to that tax. Administration of relief in conjunction with an income tax, however, may interfere with the public's understanding that the relief is targeted to help the poor with the property tax or sales tax.

Changes Since 1987

States greatly expanded tax relief for the poor in 1987, and many states have further reduced taxes on the poor since then. However, as noted above, inflation has eroded many of the improvements enacted in 1987. On balance, income taxes are considerably less onerous for the poor than they were in 1986, but most states have not recognized increases in the burden of the property tax, sales tax, or other taxes.

Most states responded to federal tax reform in 1987 by enacting reforms of their own. A major impetus for state action was the desire to avoid the large automatic increases in state income tax burdens that would have occurred if states had merely incorporated the federal changes into their own tax systems.

Most state income taxes closely follow the federal definitions of itemized deductions and income subject to taxation. In 1986, the federal government increased taxable income by reducing deductions and defining income subject to taxation more broadly. If the states had merely conformed to these new provisions without changing their tax rates or other provisions, they would have received large revenue windfalls.

States could have avoided these windfalls simply by reducing tax rates across the board. If they had done so, there would have been relatively little benefit to the poor. But that is not what states did. Instead, they made their income taxes more progressive by tilting tax relief to low- and moderate-income households. This meant that the poor benefited disproportionately.

Most of the benefits to the poor resulted from raising personal exemptions and standard deductions. These actions were similar to those enacted by the federal government, although many states did not enact increases that were as large as those at the federal level. In addition, eight states either established or raised a no-tax floor, and one state enacted an earned income credit.

However, as shown in Table 2, between 1987 and 1995 only 15 states raised their personal exemptions or credits sufficiently to offset inflation. Of these, seven states increased them more than inflation while eight states kept them in line with inflation. Twenty-five states saw a decline in the value of the personal exemption.

Highlights of the Changes Since 1987

Low-Income Floors—New Jersey established a new low-income floor at $7,500; formerly its income tax threshold was $4,000. Arizona, Iowa, Massachusetts, and West Virginia raised their existing low-income floors.

Earned Income Tax Credits—The biggest change since the first edition of this book is the increase in the number of state earned income tax credits. Until 1987, Rhode Island was the only state that had one, but now there are seven.

Other Income Tax Credits Targeted to Low-Income Levels—In 1986, 15 states had targeted credits that phased out as income rose. Six of these states did not limit the credits to senior citizens. North Carolina and Vermont subsequently repealed these credits while they were relieving income tax burdens in other ways. The net result in both cases was to reduce tax burdens on the poor. On the other hand, California eliminated its low-income credit without adding any new tax programs aimed at the poor.

During the same period, Kentucky enacted a new low-income credit, and Pennsylvania significantly increased the one it had in 1986.

Sales Tax Credits—Overall, there has been little net change in the frequency of sales tax credits, with some new states adopting them and other states dropping them. In 1986, seven states had refundable credits intended to relieve sales taxes. Four of those programs covered all age groups, and two were just for the elderly. The seventh state limited it to the elderly and households with at least one child under the age of 18. Two of the four states that formerly had sales tax credits for all age groups — New Mexico and Vermont — have since repealed them, although they increased other targeted credits to compensate. Hawaii formerly had both a general sales tax credit and a credit for the sales tax on food and medical services. It repealed the general credit and the medical credit and cut the food credit from $55 to $27 per qualified exemption. On the other hand, two new sales tax credits were established in Georgia and Oklahoma at the same time that those states raised the sales tax rate. Among states that retained sales tax credits, none increased them, meaning that their inflation-adjusted value has decreased considerably since 1986.

Circuitbreakers—Much less activity occurred in property tax relief than in income tax relief. The only new circuitbreaker was in New Jersey. Initially it was provided to all homeowners and renters, but subsequently eligibility was restricted to senior citizens. In addition, Iowa and Maine made nonsenior citizens eligible for their circuitbreakers. Maryland extended eligibility to nonelderly renters, who were formerly excluded. Oregon repealed its circuitbreaker that formerly covered all low-income homeowners and renters with income under $17,500, retaining one only for elderly renters. This change was made after voters approved an initiative to sharply reduce property tax rates. That initiative forced the state to review many existing programs because of the need to replace the property tax revenue lost by schools, and it was also considered to reduce the need for property tax relief.

Nearly all states failed to adjust their circuitbreakers to reflect inflation. Only four states increased the maximum benefit enough to offset inflation, and just six states raised the maximum income for eligibility sufficiently to keep up with inflation.

Summary of Changes since 1987

Tax relief for the poor made substantial advances in 1987 as states responded to federal tax reform. Although much less progress has been made since then, interest in relieving tax burdens on the poor has not died out completely. Many states have lowered the personal income tax paid by low-income families, with at least a few states usually acting each year.

However, little attention has been paid to the burdens imposed by the property tax and the sales tax, even though those taxes are a much heavier burden on the poor. Much still remains to be done.

States greatly expanded tax relief for the poor in 1987, and many states have further reduced income taxes on the poor in later years. But inflation has eroded many of the improvements enacted in 1987. As shown on Table 2, only 15 states raised their personal exemptions or credits sufficiently to offset inflation. On balance, income taxes are considerably less onerous for the poor than they were in 1986, but most states have not recognized increases in the burden of the property tax, sales tax, or other taxes.

Table 2
Personal Exemptions and Credits for Income Taxes, 1987 and 1995 (in 1995 dollars)**

State	1987 Single Return	1987 Joint Return	1987 Dependents	1995 Single Return	1995 Joint Return	1995 Dependents	Difference Single Return	Difference Joint Return	Difference Dependents
Federal Taxes	Exemptions $2,500	Exemptions $5,000	$2,500	Exemptions $2,500	Exemptions $5,000	$2,500	$0	$0	$0
New England									
Maine	1,315	2,630	1,315	2,100	4,200	2,100	785	1,570	785
Massachusetts	2,893	5,786	1,315	2,200	4,400	1,000	(693)	(1,386)	(315)
Rhode Island	2,500	5,000	2,500	2,500	5,000	2,500	-	-	-
Vermont	2,500	5,000	2,500	2,500	5,000	2,500	-	-	-
Middle Atlantic									
Delaware	1,315	2,630	1,315	1,250	2,500	1,250	(65)	(130)	(65)
Maryland	1,315	2,630	1,315	1,200	2,400	1,200	(115)	(230)	(115)
New Jersey	1,315	2,630	1,315	1,000	2,000	1,500	(315)	(630)	185
New York	1,184	2,367	1,184	-	-	1,000	(1,184)	(2,367)	(184)
Pennsylvania	-	-	-	-	-	-	-	-	-
Great Lakes									
Illinois	1,315	2,630	1,315	1,000	2,000	1,000	(315)	(630)	(315)
Indiana	1,315	2,630	1,315	1,000	1,000	1,000	(315)	(1,630)	(315)
Michigan	1,973	3,945	1,973	2,400	4,800	2,100	428	855	128
Ohio*	855	1,710	855	650	1,300	650	(205)	(410)	(205)
Plains									
Kansas	1,315	2,630	1,315	2,000	4,000	2,000	685	1,370	685
Minnesota	2,500	5,000	2,500	2,500	5,000	2,500	-	-	-
Missouri	1,578	1,578	526	1,200	2,400	400	(378)	822	(126)
North Dakota	2,500	5,000	2,500	2,500	5,000	2,500	-	-	-
Southeast									
Alabama	1,973	3,945	395	1,500	3,000	300	(473)	(945)	(95)
Georgia	1,973	3,945	1,973	1,500	3,000	2,500	(473)	(945)	528
Louisiana	5,918	11,835	1,315	4,500	9,000	1,000	(1,418)	(2,835)	(315)
Mississippi	7,890	12,493	1,973	6,000	9,500	1,500	(1,890)	(2,993)	(473)
North Carolina	1,447	2,893	1,052	2,000	4,000	2,000	554	1,107	948
South Carolina	2,500	5,000	2,500	2,500	5,000	2,500	-	-	-
Virginia	921	1,841	921	800	1,600	800	(121)	(241)	(121)
West Virginia	2,630	5,260	2,630	2,000	4,000	2,000	(630)	(1,260)	(630)
Southwest									
Arizona	2,625	5,249	1,575	2,100	4,200	2,300	(525)	(1,049)	725
New Mexico	2,630	5,260	2,630	2,500	5,000	2,500	(130)	(260)	(130)
Oklahoma	1,315	2,630	1,315	1,000	2,000	1,000	(315)	(630)	(315)
Rocky Mountain									
Colorado	2,500	5,000	2,500	2,500	5,000	2,500	-	-	-
Idaho	2,500	5,000	2,500	2,500	5,000	2,500	-	-	-
Montana	1,394	2,788	1,394	1,430	1,430	1,430	36	(1,358)	36
Utah	986	1,973	986	1875	3750	1875	889	1,778	889
Far West									
Hawaii	2,499	4,997	2,499	1,040	2,080	1040	(1,459)	(2,917)	(1,459)
	Credits			Credits					
Arkansas	$26	$53	$26	$20	$40	$20	(6)	(13)	(6)
California	67	134	67	65	130	65	(2)	(4)	(2)
Iowa	26	53	20	15	30	40	(11)	(23)	20
Kentucky	26	53	26	20	40	20	(6)	(13)	(6)
Oregon	112	224	112	116	232	116	4	8	4
Wisconsin	0	0	66	0	0	50	-	-	(16)

Notes The states not listed did not have a broad based personal income tax in 1987 and 1995

* = Ohio also allows a tax credit for working spouses of up to $650

** The deflator of 31.5% is based on the Consumer Price Index (CPI) in adjusting the personal exemptions and credits from 1987 to 1995

Sources Advisory Commission on Intergovernmental Relations. *Significant Features of Fiscal Federalism, 1988 & 1994*. (Washington D.C., 1989 & 1995). *RIA All States Tax Guide*. (New York 1994), pp. 115-122, and Steven D. Gold, *State Tax Relief for the Poor* (Denver: NSCL, 1987)

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CONCLUSIONS

State Tax Relief for the Poor clearly demonstrates that states have developed a large number of methods to relieve the taxes of the poor. Despite the many programs that exist, the tax burden of households in poverty remains considerable in all states. A conservative estimate is that state-local taxes normally claim more than ten percent of income from the poor, and in some cases, considerably more than that. States concerned about providing tax relief for the poor have many options.

Although the federal government largely eliminated the income tax burden on the poor in 1986, the state-local tax burden on the poor — including not just income tax but also property, sales, and other taxes — is so much greater than the pre-reform federal income tax burden that eliminating it is a much bigger task. States have made considerable progress since 1986 in reducing income tax burdens on the poor, but relatively little has been done with regard to other taxes. In fact, since the burdens of sales and property taxes are far higher than that of the state income tax (and those taxes have increased considerably since 1986), the overall state-local tax burden on the poor is more onerous than it was in 1986.

In the short run, states may choose not to eliminate the entire burden on the poor from all forms of taxation but rather to make a start in that direction. Based on the analysis in the book, eight guidelines for that effort deserve consideration:

1. Relieve the property and sales taxes as well as the income tax. Those two taxes are a much heavier burden on the poor.
2. Target relief through credits that are phased out as income rises, so that the budgetary cost of the relief can be limited. If a program is intended as a means of relieving taxes for the poor, it must have an income ceiling or else most of its benefits will go to the nonpoor.
3. Credits should be refundable if they exceed a family's income tax liability. Since many of the poor have relatively low income tax liability, nonrefundable credits have limited potential for helping them.
4. Do not restrict relief to senior citizens. While there are more than three million poor seniors, they account for only one-tenth of the entire poor population.
5. Design relief so that large families receive greater benefits than small families; the presence of children raises the cost of maintaining a subsistence standard of living.
6. Recognize that single-parent families have more in common with two-parent families than with single persons, and structure tax provisions accordingly.
7. Either index the relief or periodically review its provisions to adjust them for inflation. Otherwise, tax burdens on the poor will increase steadily as inflation erodes the relief provided.
8. Have the state finance the relief. It has much greater resources than many local governments, and poor localities are not in a position to provide tax relief to poor people.

NOTES

1. The book, which has much more detailed analysis of particular state programs, can be obtained by calling the Center for the Study of the States.
2. This resulted in a real decline of the value of the exemption of nearly 32 percent between 1987 and 1995. See Table 2.
3. Alabama, Alaska, Delaware, Indiana, Louisiana, Mississippi, Nebraska, and South Carolina.
4. Georgia, Iowa, Maryland, Minnesota, New Mexico, New York, South Dakota, and Wisconsin.
5. That is, where this is a steep increase in the amount of taxes paid when one is just above the income limitation of the tax programs.
6. Georgia has two credits and Hawaii's credit is not directly related to exemptions.
7. It should be noted, however, that the standard deduction has been increased in over a dozen states since 1987, offsetting somewhat the effects of inflation.

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FTA REVENUE ESTIMATING CONFERENCE

Donald J. Boyd and Elizabeth I. Davis will make a presentation on the *State Revenue Report* and the Center for the Study of the States at the next annual Federation of Tax Administrators (FTA) Revenue Estimating and Tax Research Conference. The conference will be held September 8-11, 1996 in Boston, Massachusetts. For information on the conference, please call Harley T. Duncan or Ron Alt at FTA: (202) 624-8445.

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